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To replace the Aid to Families with Dependent Children Program under title IV of the Social Security Act and a portion of the food stamp program under the Food Stamp Act of 1977 with a block grant to give the States the flexibility to create innovative welfare to work programs, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 3 (legislative day, MAY 2), 1994

Mr. KOHL (for himself, Mr. GRASSLEY, and Mr. EXON) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To replace the Aid to Families with Dependent Children Program under title IV of the Social Security Act and a portion of the food stamp program under the Food Stamp Act of 1977 with a block grant to give the States the flexibility to create innovative welfare to work programs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Welfare to Work Act of 1994”.

1 (b) TABLE OF CONTENTS.—The table of contents of
2 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.
- Sec. 3. Purpose.
- Sec. 4. Definition of State.
- Sec. 5. Applications by States.
- Sec. 6. State welfare to work program described.
- Sec. 7. State grants.
- Sec. 8. State maintenance of effort.
- Sec. 9. Termination of certain Federal welfare programs.
- Sec. 10. Eligibility for WIC program.
- Sec. 11. Secretarial submission of legislative proposal for amendments to med-
icaid eligibility provisions and technical and conforming amend-
ments.

3 **SEC. 2. FINDINGS.**

4 The Congress finds the following:

5 (1) The current welfare system is broken and
6 requires replacement.

7 (2) Work is what works best for American
8 families.

9 (3) Since State and local governments know the
10 best methods of connecting welfare recipients to
11 work and since each community faces different cir-
12 cumstances, Federal assistance to the States should
13 be flexible.

14 (4) Government has the responsibility to pro-
15 vide a helping hand to assist individuals but individ-
16 uals have the responsibility to use the assistance to
17 help themselves.

1 **SEC. 3. PURPOSE.**

2 The purpose of this Act is to create a block grant
3 program to replace the aid to families with dependent chil-
4 dren program under title IV of the Social Security Act
5 and a portion of the food stamp program under the Food
6 Stamp Act of 1977 and give the States the flexibility to
7 create innovative welfare to work programs.

8 **SEC. 4. DEFINITION OF STATE.**

9 For purposes of this Act, the term “State” means
10 each of the several States of the United States, the Dis-
11 trict of Columbia, the Commonwealth of Puerto Rico, the
12 Virgin Islands, Guam, and American Samoa.

13 **SEC. 5. APPLICATIONS BY STATES.**

14 (a) IN GENERAL.—Each State desiring to receive a
15 grant to operate a State welfare to work program de-
16 scribed in section 6 shall annually submit an application
17 to the Secretary of Health and Human Services (hereafter
18 in this Act referred to as the “Secretary”) containing the
19 matter described in subsection (b) in such manner as the
20 Secretary may require.

21 (b) CONTENTS.—

22 (1) FISCAL YEAR 1995.—An application for a
23 grant to operate a State welfare to work program
24 during fiscal year 1995 shall contain a description of
25 the program in accordance with section 6.

26 (2) SUBSEQUENT FISCAL YEARS.—

1 (A) IN GENERAL.—

2 (i) CONTENTS.—Except as provided
3 in clause (ii), an application for a grant to
4 operate a State welfare to work program
5 during fiscal year 1996 and each subse-
6 quent fiscal year shall contain—

7 (I) a description of the program
8 in accordance with section 6;

9 (II) the State work percentage
10 (as determined under subparagraph
11 (B)) for each of the 2 preceding fiscal
12 years;

13 (III) a statement of the number
14 of participants who became ineligible
15 for participation in the program due
16 to increased income for each of the 2
17 preceding fiscal years; and

18 (IV) a statement of the amount
19 of non-Federal resources that the
20 State invested in the program in the
21 preceding fiscal year.

22 (ii) SPECIAL RULE FOR APPLICATIONS
23 SUBMITTED FOR FISCAL YEAR 1996.—An
24 application for a grant to operate a State
25 welfare to work program during fiscal year

1 1996 shall contain the information de-
2 scribed in subclauses (II) and (III) of
3 clause (i) only for the preceding fiscal year
4 in lieu of such information for each of the
5 2 preceding fiscal years.

6 (B) STATE WORK PERCENTAGE.—For pur-
7 poses of subparagraph (A)(ii), the State work
8 percentage (prior to any adjustment under sub-
9 paragraph (C)) for a fiscal year is equal to—

10 (i) the number of participants in the
11 State welfare to work program in the fiscal
12 year who were employed in private sector
13 or public sector jobs for at least 20 hours
14 per week for 26 weeks out of the year, di-
15 vided by

16 (ii) the total number of participants in
17 the State welfare to work program in the
18 fiscal year.

19 (C) ADJUSTMENT.—

20 (i) IN GENERAL.—The State work
21 percentage determined under subparagraph
22 (B) for a fiscal year shall be adjusted by
23 subtracting 1 percentage point from such
24 State work percentage for each 5 percent-
25 age points by which the percentage of indi-

viduals described in subparagraph (B)(i) who are also described in clause (ii) participating in the program in such fiscal year falls below 75 percent of the number of individuals described in subparagraph (B)(i) in such fiscal year.

(ii) INDIVIDUAL DESCRIBED.—An individual described in this clause is a custodial parent or other individual who is primarily responsible for the care of a child under the age of 18.

(D) MONITORING OF DATA.—The Secretary shall ensure the validity of the data provided by a State under this paragraph.

(c) APPROVAL.—

(1) FISCAL YEARS 1995 AND 1996.—The Secretary shall approve each application for a grant to operate a State welfare to work program—

(A) during fiscal year 1995, if the application contains the information described in subsection (b)(1); and

(B) during fiscal year 1996, if the application contains the information described in subsection (b)(2).

(2) AUTOMATIC APPROVAL IN SUBSEQUENT FISCAL YEARS.—The Secretary shall approve any application for a grant to operate a State welfare to work program during fiscal year 1997 and each succeeding fiscal year if the State's application reports that—

(A) the State work percentage for the preceding fiscal year is greater than the State work percentage for the second preceding fiscal year; or

(B) more participants became ineligible for participation in the State welfare to work program during the preceding fiscal year due to increased income than became ineligible for participation in the program in the second preceding fiscal year as a result of increased income.

(3) SECRETARIAL REVIEW.—

(A) IN GENERAL.—If a State application for a grant under this Act is not automatically approved under paragraph (2), the Secretary shall approve the application upon a finding that the application—

(i) provides an adequate explanation of why the State work percentage or the number of participants who became ineli-

gible for participation in the State welfare to work program due to increased income during the preceding fiscal year did not exceed such State work percentage or the number of participants who became ineligible for participation in the program in the second preceding fiscal year; and

(ii) provides a plan of remedial action which is satisfactory to the Secretary.

(B) ADEQUATE EXPLANATIONS.—An adequate explanation under subparagraph (A) may include an explanation of economic conditions in the State, failed program innovations, or other relevant circumstances.

(4) RESUBMISSION.—A State may resubmit an application for a grant under this Act until the Secretary finds that the application meets the requirements of paragraph (3)(A).

SEC. 6. STATE WELFARE TO WORK PROGRAM DESCRIBED.

(a) IN GENERAL.—A State welfare to work program described in this section shall provide that—

(1) during fiscal year 1995, the State shall designate individuals who are eligible for participation in the program and such individuals shall include at least those individuals who received benefits under

1 the State plan approved under part A of title IV of
2 the Social Security Act during fiscal year 1994;

3 (2) during fiscal year 1996 and each subse-
4 quent fiscal year, the State shall designate individ-
5 uals who are eligible for participation in the program
6 (as determined by the State), with priority given to
7 those individuals most in need of such services; and

8 (3) the program shall be designed to move indi-
9 viduals from welfare to self-sufficiency and may
10 include—

11 (A) job placement and training;

12 (B) supplementation of earned income;

13 (C) nutrition assistance and education;

14 (D) education;

15 (E) vouchers to be used for rental of pri-
16 vately owned housing;

17 (F) child care;

18 (G) State tax credits;

19 (H) health care;

20 (I) supportive services;

21 (J) community service employment; or

22 (K) any other assistance designed to move
23 such individuals from welfare to self-sufficiency.

24 (b) NO ENTITLEMENT.—Notwithstanding any cri-
25 teria a State may establish for participation in a State

1 welfare to work program, no individual shall be considered
2 to be entitled to participate in the program.

3 **SEC. 7. STATE GRANTS.**

4 (a) IN GENERAL.—The Secretary shall annually
5 award to each State with an application approved under
6 section 5(c) an amount equal to—

7 (1) in fiscal year 1995, 100 percent of the
8 State's base amount;

9 (2) in fiscal year 1996, the sum of 80 percent
10 of the State's base amount, 20 percent of the State's
11 share of the national grant amount, and any applica-
12 ble bonus payment;

13 (3) in fiscal year 1997, the sum of 60 percent
14 of the State's base amount, 40 percent of the State's
15 share of the national grant amount, and any applica-
16 ble bonus payment;

17 (4) in fiscal year 1998, the sum of 40 percent
18 of the State's base amount, 60 percent of the State's
19 share of the national grant amount, and any applica-
20 ble bonus payment;

21 (5) in fiscal year 1999, the sum of 20 percent
22 of the State's base amount, 80 percent of the State's
23 share of the national grant amount, and any applica-
24 ble bonus payment; and

(6) in fiscal year 2000 and each subsequent fiscal year, the sum of 100 percent of the State's share of the national grant amount and any applicable bonus payment.

(b) STATE BASE AMOUNT.—

(1) IN GENERAL.—For purposes of subsection (a), a State's base amount is equal to—

(A) for fiscal year 1995, 100 percent of the amount determined under paragraph (2); and

(B) for fiscal year 1996 and succeeding fiscal years, 99.6 percent of the amount determined under paragraph (2).

(2) AMOUNT DETERMINED.—The amount determined under this paragraph for a State is an amount equal to the sum of—

(A) the amount of Federal financial participation received by the State under section 403 of the Social Security Act during fiscal year 1994; and

(B) an amount equal to the sum of—

(i) the benefits under the food stamp program under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), including benefits provided under section 19 of such

1 Act (7 U.S.C. 2028), during fiscal year
 2 1994 other than benefits provided to elder-
 3 ly or disabled individuals in the State (as
 4 determined under section 3(r)) of such Act
 5 (7 U.S.C. 2012); and

6 (ii) the amount paid to the State
 7 under section 16 of the Food Stamp Act of
 8 1977 (7 U.S.C. 2011 et seq.) during fiscal
 9 year 1994 for administrative expenses for
 10 providing benefits to non elderly and non
 11 disabled individuals.

12 (c) STATE SHARE OF THE NATIONAL GRANT
 13 AMOUNT.—

14 (1) IN GENERAL.—For purposes of subsection
 15 (a), the State's share of the national grant amount
 16 for a fiscal year is equal to the sum of the amounts
 17 determined under paragraph (2) (relating to eco-
 18 nomic need) and paragraph (3) (relating to State ef-
 19 fort) for the State.

20 (2) ECONOMIC NEED.—The amount determined
 21 under this paragraph is equal to the sum of the
 22 amounts determined under subparagraphs (A) and
 23 (B) for the State.

24 (A) STATE PER CAPITA INCOME MEAS-
 25 URE.—The amount determined under this sub-

paragraph is an amount which bears the same ratio to one-quarter of the national grant amount as the product of—

(i) the population of the State; and

(ii) the allotment percentage of the State (as determined under paragraph (4)),

bears to the sum of the corresponding products for all States.

(B) STATE UNEMPLOYMENT MEASURE.—

The amount determined under this subparagraph is an amount which bears the same ratio to one-quarter of the national grant amount as the number of individuals in the State who are estimated as being unemployed according to the Department of Labor's annual estimates bears to the number of individuals who are estimated as being unemployed according to the Department of Labor's annual estimates in all States.

(3) STATE EFFORT.—The amount determined under this paragraph is the amount which bears the same ratio to one-half of the national grant amount as the product of—

(A) the dollar amount the State invested in the State welfare to work program in the pre-

1 vious fiscal year, as reported in section
2 5(b)(2)(A)(iv); and

3 (B) the allotment percentage of the State
4 (as determined under paragraph (4)),
5 bears to the sum of the corresponding products for
6 all States.

7 (4) ALLOTMENT PERCENTAGE.—

8 (A) IN GENERAL.—Except as provided in
9 subparagraph (C), the allotment percentage for
10 any State shall be 100 percent, less the State
11 percentage.

12 (B) STATE PERCENTAGE.—The State per-
13 centage shall be the percentage which bears the
14 same ratio to 50 percent as the per capita in-
15 come of such State bears to the per capita in-
16 come of all States.

17 (C) EXCEPTION.—The allotment percent-
18 age shall be 70 percent in the case of Puerto
19 Rico, the Virgin Islands, Guam, and American
20 Samoa.

21 (5) DETERMINATION OF GRANT AMOUNTS.—

22 Each State's share of the national grant amount
23 shall be determined under this subsection on the
24 basis of the average per capita income of each State
25 and all States for the most recent fiscal year for

1 which satisfactory data are available from the De-
2 partment of Commerce and the Department of
3 Labor.

4 (6) NATIONAL GRANT AMOUNT.—The term
5 “national grant amount” means an amount equal to
6 99.6 percent of sum of the amounts determined
7 under subsection (b)(2) for all States.

8 (d) BONUS PAYMENT.—Beginning with fiscal year
9 1996, the Secretary may use 0.4 percent of the sum of
10 the amounts determined under subsection (b)(2) for all
11 States to award additional bonus payments under this sec-
12 tion to those States which have the highest or most im-
13 proved State work percentage as determined under section
14 5(b)(2)(B). The Secretary shall designate one State as the
15 leading job placement State and such State shall receive
16 the highest bonus payment under the preceding sentence
17 and the President is authorized and requested to acknowl-
18 edge such State with a special Presidential award.

19 (e) USE OF FUNDS FOR ADMINISTRATIVE PUR-
20 POSES.—A State shall not use more than 10 percent of
21 the amount it receives under this section for the adminis-
22 tration of the State welfare to work program.

23 (f) CAPPED ENTITLEMENT.—This section constitutes
24 budget authority in advance of appropriations Acts, and
25 represents the obligation of the Federal Government to

1 provide the payments described in subsection (a) (in an
2 amount not to exceed the sum of the amounts determined
3 under subsection (b)(2) for all States).

4 **SEC. 8. STATE MAINTENANCE OF EFFORT.**

5 Any funds available for the activities covered by a
6 State welfare to work program conducted under this Act
7 shall supplement, and shall not supplant, funds that are
8 expended for similar purposes under any State, regional,
9 or local program.

10 **SEC. 9. TERMINATION OF CERTAIN FEDERAL WELFARE**
11 **PROGRAMS.**

12 (a) **TERMINATION OF AFDC AND JOBS PRO-**
13 **GRAMS.—**

14 (1) **AFDC.**—Part A of title IV of the Social Se-
15 curity Act (42 U.S.C. 601 et seq.) is amended by
16 adding at the end the following new section:

17 “TERMINATION OF AUTHORITY

18 “SEC. 418. The authority provided by this part shall
19 terminate on October 1, 1994.”.

20 (2) **JOBS.**—Part F of title IV of the Social Se-
21 curity Act (42 U.S.C. 681 et seq.) is amended by
22 adding at the end the following new section:

23 “TERMINATION OF AUTHORITY

24 “SEC. 488. The authority provided by this part shall
25 terminate on October 1, 1994.”.

1 (b) FOOD STAMP PROGRAM TO SERVE ONLY ELDER-
 2 LY AND DISABLED INDIVIDUALS.—

3 (1) DEFINITIONS.—Section 3 of the Food
 4 Stamp Act of 1977 (7 U.S.C. 2012) is amended—

5 (A) in subsection (g)—

6 (i) in paragraph (4), by striking “(and
 7 their spouses)”;

8 (ii) in paragraph (5)—

9 (I) by striking “in the case of”
 10 and inserting “in the case of elderly
 11 or disabled”; and

12 (II) by inserting “disabled” be-
 13 fore “children”; and

14 (iii) in paragraph (8), by inserting
 15 “elderly or disabled” before “women and
 16 children temporarily”;

17 (B) in subsection (i)—

18 (i) in the first sentence—

19 (I) in paragraph (1), by inserting
 20 “elderly or disabled” before “individ-
 21 ual”; and

22 (II) in paragraph (2), by insert-
 23 ing “, each of whom is elderly or dis-
 24 abled,” after “individuals”;

1 (ii) in the second sentence, by insert-
 2 ing before the period at the end the follow-
 3 ing: “, if each of the individuals is elderly
 4 or disabled”;

5 (iii) in the third sentence—

6 (I) by striking “, together” and
 7 all that follows through “of such indi-
 8 vidual,”; and

9 (II) by striking “, excluding the
 10 spouse,”; and

11 (iv) in the fifth sentence—

12 (I) by striking “coupons, and”
 13 and inserting “coupons, and elderly or
 14 disabled”; and

15 (II) by inserting “disabled” after
 16 “together with their”; and

17 (C) in subsection (r), by striking “Elderly”
 18 and all that follows through “who” and insert-
 19 ing the following: “Elderly or disabled”, with re-
 20 spect to a member of a household or other indi-
 21 vidual, means a member or other individual
 22 who”.

23 (2) CONFORMING AMENDMENTS.—

24 (A) ELIGIBILITY.—Section 5 of such Act
 25 (7 U.S.C. 2014) is amended—

1 (i) in the first sentence of subsection
2 (c)—

3 (I) by striking “program if—”
4 and all that follows through “house-
5 hold’s income” and inserting “pro-
6 gram if the income of the household”;

7 (II) by striking “respectively;
8 and” and inserting “respectively.”;
9 and

10 (III) by striking paragraph (2);
11 and

12 (ii) in subsection (e)—

13 (I) in the first sentence, by strik-
14 ing “containing an elderly or disabled
15 member and determining benefit levels
16 only for all other households”;

17 (II) in the fifteenth sentence—

18 (aa) by striking “containing
19 an elderly or disabled member”;
20 and

21 (bb) in subparagraph (A),
22 by striking “elderly or disabled
23 members” and inserting “the
24 members”;

1 (III) in the seventeenth sentence,
2 by striking “elderly and disabled”;
3 and

4 (IV) by striking the fourth
5 through fourteenth sentences.

6 (B) PERIODIC REPORTING.—Section
7 6(c)(1)(A)(iv) of such Act (7 U.S.C.
8 2015(c)(1)(A)(iv)) is amended by striking “and
9 in which all adult members are elderly or dis-
10 abled”.

11 (3) EFFECTIVE DATE.—The amendments made
12 by this subsection shall apply on and after October
13 1, 1994.

14 (c) REFERENCES IN OTHER LAWS.—

15 (1) IN GENERAL.—Any reference in any law,
16 regulation, document, paper, or other record of the
17 United States to any provision that has been termi-
18 nated by reason of the amendments made in sub-
19 section (a) shall, unless the context otherwise re-
20 quires, be considered to be a reference to such provi-
21 sion, as in effect immediately before the date of the
22 enactment of this Act.

23 (2) STATE PLANS.—Any reference in any law,
24 regulation, document, paper, or other record of the
25 United States to a State plan that has been termi-

1 nated by reason of the amendments made in sub-
2 section (a), shall, unless the context otherwise re-
3 quires, be considered to be a reference to such plan
4 as in effect immediately before the date of the enact-
5 ment of this Act.

6 **SEC. 10. ELIGIBILITY FOR WIC PROGRAM.**

7 (a) IN GENERAL.—Section 17(d)(1) of the Child Nu-
8 trition Act of 1966 (42 U.S.C. 1786(d)(1)) is amended
9 by adding at the end the following new sentence: “For
10 purposes of participation in the program under this sec-
11 tion, a child shall be considered to be at nutritional risk
12 if such child is in the care of a custodial parent or other
13 individual primarily responsible for the care of such child
14 who is a participant in a State welfare to work program
15 which receives Federal funds under the Welfare to Work
16 Act of 1994.”.

17 (b) CONFORMING AMENDMENTS.—Section
18 17(d)(2)(A)(ii) of the Child Nutrition Act of 1966 (42
19 U.S.C. 1786(d)(2)(A)(ii)) is amended—

20 (1) by striking “(ii)(I)” and inserting “(ii)”;

21 and

22 (2) by striking subclause (II).

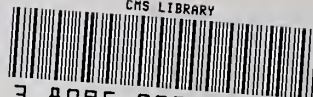
23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply on and after October 1, 1994.

1 SEC. 11. SECRETARIAL SUBMISSION OF LEGISLATIVE PRO-
2 POSAL FOR AMENDMENTS TO MEDICAID ELI-
3 GIBILITY CRITERIA AND TECHNICAL AND
4 CONFORMING AMENDMENTS.

5 The Secretary shall, within 90 days after the date
6 of enactment of this Act, submit to the appropriate com-
7 mittees of Congress, a legislative proposal providing eligi-
8 bility criteria for medical assistance under a State plan
9 under title XIX of the Social Security Act (42 U.S.C.
10 1396 et seq.) in lieu of the eligibility criteria under section
11 1902(a)(10)(A)(i) of such Act (42 U.S.C.
12 1396a(a)(10)(A)(i)) relating to the receipt of aid to fami-
13 lies with dependent children under a State plan under part
14 A of title IV of the Social Security Act (42 U.S.C. 601
15 et seq.) and such technical and conforming amendments
16 in the law as are required by the provisions of this Act.

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